interface. AT&T sent 860s to Ameritech believing that Ameritech's systems would "refresh" the underlying 850, but instead, when Ameritech's system received the 860, its system rejected the 860 as a duplicate.

56. AT&T was unable to anticipate and design around this problem because it did not have access to the Ameritech business rules which would have allowed AT&T the opportunity to design its 860 transaction in a manner that complements Ameritech's processing. Instead, the systems design approaches were not shared until after the first 860 was sent to Ameritech -- too late for simple design changes to be made. Moreover, because this problem was not encountered until the integration testing phase, I believe other 850/860 types of translation problems may yet to be encountered.

57. More importantly, these problems cannot be anticipated in advance because Ameritech is still unwilling to share its business rules, and because the CLECs have no bargaining power or leverage in this relationship, they cannot force Ameritech to cooperate. Thus, design problems must simply be encountered, by trial and error, in the testing phase and then work-arounds must be developed -- an approach which will require AT&T to expend substantial additional time and cost in its efforts to get its operations support systems to work with Ameritech's OSS interfaces.

INTERFACE TESTING

58. To date, the only integration testing that has been done by AT&T with Ameritech's proposed OSS interfaces has been limited to the service resale ordering interface and related provisioning and billing functions. The results of those tests are described in the testimony of Mr. Rogers initially filed by Ameritech in the Illinois proceeding (Rogers Supplemental Rebuttal Illinois Testimony, pp. 19-23 & Schedule 1). As I indicated above, that testing has led to changes to both companies' procedures. As a result of those changes in the companies systems and operations, integration testing of the service resale ordering interface has not yet been completed.

59 Much of Mr. Rogers' testimony is devoted to explaining that the number of AT&T orders rejected using the electronic ordering systems in current testing was due to errors on AT&T's side of the interface. This is beside the point. The point is that, to date, only a small number of orders have passed through the Ameritech interfaces and most of those did not pass through the system without errors.

60. In 2 1/2 months of testing in Illinois (from October 6 to December 20), only a total of 211[1] AT&T orders have been processed by Ameritech. Of those 211, only 79 were completed. One half of these orders were rejected. The results of testing as of December 20, 1996 are as follows:

[1] This information used to report testing results in the testimony was taken from Ameritech testing reports. The actual number of "transactions" processed and the status of any single transaction at any particular time can be recorded in a variety of ways. Nonetheless, for purposes of consistency and convenience, I have adopted Ameritech's methodology for reporting testing results, and its results, in this testimony.

Order Transactions Processed	211	**Percentage**
Orders Rejected	109	51%
Orders Completed	79	38%
Orders Pending	23	11%
Orders Processed Manually	105	50%
Rejected	28	27%
Completed	55	52%
Pending	22	21%
Orders Processed Automatically	106	50%
Rejected	81	76%
Completed	24	23%
Pending	1	1%

These results demonstrate that the systems are far from being operationally ready. The Service Readiness Testing Results are attached as Exhibit TMC-02.

61. A further serious concern for AT&T revealed during the testing of the service resale ordering interface is the fact that many of the orders sent by AT&T during the integration testing process were not being processed electronically, but were "falling out" to manual processes. Of the 211 test orders processed as of December 20, 1996, 50 percent have been processed using manual procedures by Ameritech.

62. This use of manual intervention is very troublesome and unacceptable as the basis for market entry on the scale planned by AT&T. Experience shows that manual processes are incapable of handling large volumes of transactions and are likely to stress Ameritech's ability to deliver timely and efficient services.

63. Ameritech's exhibits confirm these systems deficiencies. In Mr. Rogers' Schedule 1, he identifies the number of orders processed through November 26. According to that document, of the 67 orders processed during that time period, 47 (or 68%) required manual intervention by Ameritech--that is, they were not processed relying exclusively on electronic interfaces.

Order Transactions Processed	157	**Percentage**
Orders Rejected	90	57%
Orders Processed	67	43%
Orders Processed Manually	69	44%
Rejected	22	32%
Processed	47	68%
Orders Processed Automatically	88	56%
Rejected	68	77%
Completed	20	23%

64. My understanding is that AT&T personnel involved in testing have asked repeatedly for explanations of what gives rise to the requirement for manual processes. Ameritech has not provided sufficient information (i.e., the Ameritech business rules) to reduce this manual intervention on a systematic basis. Obviously, that information would be freely shared if a "team" concept were at work here.

65. There has been no significant improvement throughout the testing process. The Service Readiness Test Results Exhibit TMC-03, from November 7, 1996 show that the processing of orders has been consistently error-prone and manually intensive:

Order Transactions Processed	109	**Percentage**
Orders Rejected	63	58%
Orders Completed	37	34%
Orders Pending	9	8%
Orders Processed Manually	55	50%
Rejected	20	36%
Completed	28	51%
Pending	7	13%
Orders Processed Automatically	54	50%
Rejected	43	80%
Completed	10	18%
Pending	1	2%

66. In sum, the systems in question are very complex. Unless there is a true commitment to work together instead of finding fault, there will be delays in making services available, the quality of competitive services will slip and local competition may in fact be prevented. It does not appear from their testimony that Ameritech has made that commitment with AT&T. If better results were experienced, it is reasonable that AT&T would have extended the testing process to validate additional types or volumes of PIC orders to increase the confidence it needs in trying to enter the local services market.

It is unknown if other CLECs have received sufficient assistance from Ameritech, increasing their ability to interact with Ameritech's systems and interfaces.

67. Moreover, even if all 211 orders had been processed flawlessly -- which did not happen -- this number stands in stark contrast to the total number of orders which could be processed by the proven operational support systems to switch long distance customers to Ameritech should Ameritech be granted interLATA authority.

INTERFACES FOR UNBUNDLED NETWORK ELEMENTS AND THE UNE PLATFORM

68. Although Ameritech has provided an initial specification for ordering and provisioning a few individual network elements such as number portability and switching, no specifications have been provided for the ordering or provisioning of the UNE platform or other UNE combinations. Ameritech has not provided specifications for the pre-ordering, repair and maintenance, or billing functions for unbundled network elements or the UNE platform.

69. To date, Ameritech has refused to provide the UNE platform as requested by AT&T. Ameritech has imposed a number of restrictions and limitations on its unbundled switching element provided as a part of the platform. For example, Ameritech has taken the position that AT&T is not entitled to bill for terminating access. Consistent with this position, Ameritech has not provided any specifications for an interface that would provide AT&T with the billing information that it would require to bill for terminating access.

70. Contrary to Mr. Mickens' statement, the ASR interface, which was designed to receive access orders from interexchange carriers, is not suitable for the large scale provisioning of unbundled network elements. That interface is a batch interface which

was never intended for the purpose of provisioning unbundled network elements. When systems are used for purposes other than those intended in the original design, those systems need to be modified and/or refined to meet the new needs.

NONDISCRIMINATORY ACCESS TO OPERATIONS SUPPORT SYSTEMS

71. Even if Ameritech's proposed OSS interfaces were in a condition of operational readiness, that would not establish that Ameritech was actually providing AT&T and other CLECs with non-discriminatory access to its operations support systems. Ameritech must show more than that it is providing the CLECs with access to its operations support systems; it must show that the access being provided is nondiscriminatory.

72. To make this showing of nondiscriminatory access, the access provided by Ameritech must be monitored to show that Ameritech's interfaces actually provide the CLECs with access to its systems having an equivalent level of accuracy, reliability and timeliness as the access that Ameritech provides to its own customer service agents.

73. To establish that Ameritech is providing nondiscriminatory access to its operations support systems, a series of performance measurements and reporting mechanisms are needed. The appropriate measurement criteria and reporting mechanisms are addressed in the affidavit of C. Michael Pfau.

CONCLUSION

74. Ameritech has not established that it is providing nondiscriminatory access to CLECs to all of its operations support systems for both service resale and unbundled network elements.

Timothy M. Connolly

Information Systems Consulting Assignments

1991 to 1996

For a Tokyo-based telecommunications carrier -- evaluated customer billing, customer service, accounts receivable and collections systems for technical capacity and operations stability under three planning scenarios related to expansion of market share; provided recommendations, documentation and presentation to senior management team.

For South American joint venture partners -- performed due diligence evaluations of information technology facilities, software applications portfolios, staff and security systems; provided assessment reports to joint venture partners.

For a Middle-East telecommunications and financing company -- conducted systems evaluations and operational readiness evaluations in connection with market entry for credit/debit card calling services; provided traffic and revenue projections, determined technology requirements and security systems for card issuance and monitoring.

For a US-based long distance carrier -- evaluated and analyzed the carrier's five (5) year international expansion plane; developed the customer service operations plan and system acquisition and operations recommendations for the carrier's entry in the European resale market.

For a Canadian long distance carrier -- proposed the customer service and billing systems and operations requirements to support the carrier's expansion plan for entry in additional provinces; for network services migration to intelligent networks; for extension of services to residential customers

For a private Canadian-provincial carrier -- developed its long distance expansion business plan; produced detailed plans and schedules for network elements, back office systems, staffing, sales campaigns and market evaluation systems

For a California-based economic development authority -- designed and proposed acquisition alternatives for its on-line, Internet-supported international telecommunications and information systems platforms

For a San Francisco-based non-profit organization -- designed, developed and implemented its business plan, market development plan, financial plan, technology plan and telecommunications marketing technology requirements including telemarketing programs

STATUS OF ELECTRONIC OPERATIONAL SUPPORT SYSTEMS DEVELOPMENT: RESALE

Ameritech Interface/Function	Initial Specs Received	# Of Spec Versions Received	Final Specs Received	Integration Testing Begun	Integration Testing Complete	Operational Readiness
Pre-Ordering						
Address Verification	√	2				
Feature Availability	√	2				
Customer Service Record (CSR) [1]	√	2				
Telephone Number Assignment	√	2				
Due Date Selection	√	2				
Ordering [2]	√	4		√		
Provisioning						
Firm Order confirmation	√	4		√		
Order Status (870)	√	1				
Order Completion	√	4		√		
Repair & Maintenance	√	1				
Billing						
AEBS Charges	√	1		√		
Usage Data (EMR)	√	1	√	√		

A "√" means a "Yes" response

---

1 Ameritech has made an interim process available for accessing CSRs, but this process does not provide information on a real-time basis.

2 Several problems have developed in connection with the "specs" that Ameritech has provided for resale ordering. These problems include (a) the provision of new specs that fail to highlight changes from the previous version (necessitating line-by-line comparisons); and, (b) specs that are not developed in a manner that permits AT&T to prepare its related methods and procedures, order flows and system interfaces (i.e., its business rules). For example, the 11/8/96 issuance of the resale order spec generated over 75 AT&T questions/concerns that must be resolved before operational testing can be completed. In a 12/18/96 meeting on OSS, Ameritech acknowledged that its ordering spec failed to include all necessary information and agreed to produce another revised spec by 1/6/97 dealing with resold POTS. Specs for services other than POTS services will presumably be developed subsequently. Spec revisions for other OSS functions are also likely.

Status as of 1/6/97.

STATUS OF ELECTRONIC OPERATIONAL SUPPORT SYSTEMS DEVELOPMENT: PLATFORM ("UNE-P")

Ameritech Interface/Function	Initial Specs Received	# Of Spec Versions Received	Final Specs Received	Integration Testing Begun	Integration Testing Complete	Operational Readiness
Pre-Ordering						
Address Verification	√	2				
Feature Availability						
Customer Service Record (CSR)						
Telephone Number Assignment	√	2				
Due Date Selection						
Ordering [3]						
Provisioning [3]						
Firm order confirmation						
Order status (870)						
Order completion						
Repair & Maintenance [4]						
Billing [5]						
AEBS charges						
CABS Bill						
Usage data (EMR)	√	1	√			

A "√" means a "Yes" response.

---

[3] An initial specification has been provided for Ordering and Provisioning a few individual elements such as number portability and switching, but no Ordering and Provisioning specifications have been provided for the Platform. Disagreement between AT&T and Ameritech over how the Platform will be provisioned makes interface development speculative.

[4] Ameritech has not yet provided Repair and Maintenance specifications for the Platform.

[5] Ameritech has not yet provided AEBS and CABS Billing specifications for the Platform.

Status as of 1/6/97.

ATT/Ameritech
Service Readiness Testing

For week ending 12/20

Order Processing Status

Category / Reason	Total Orders This Week	Total Orders To Date	Manual Process This Week # Orders	Manual Process This Week %	Manual Process To Date # Orders	Manual Process To Date %	Automatic Process This Week # Orders	Automatic Process This Week %	Automatic Process To Date # Orders	Automatic Process To Date %
Orders Rejected	14	109	4	29%	28	26%	16	114%	81	74%
Invalid Order Date	0	4	0		0		0		4	
TN is invalid or No TN Match	0	3	0		2		0		1	
Ameritech DB error, re-flowed	0	3	0		0		0		3	
Order Number already exists	10	49	0		0		10		49	
Order for existing AT&T account	0	12	0		12		0		0	
PIC or LPIC error	0	8	0		3		0		4	
Name match error	0	2	1		2		0		0	
NPA/NXX not valid	0	7	0		0		1		7	
Duplicate Request	0	2	0		2		0		0	
Unkown USOC	0	5	0		0		0		6	
Invalid Address	1	2	0		1		1		1	
Invalid/Additional Listing OR RCL	1	3	0		1		1		2	
Invalid Line Activity	2	3	0		0		2		3	
Previous Completion	0	1	0		1		0		0	
Order Pending	0	1	0		1		0		0	
Invalid Due Date	0	1	0		1		0		0	
Other	0	3	3		2		1		1	
Orders Completed	10	79	6	60%	55	70%	4	40%	24	30%
Orders Pending	22	23	21	95%	22	96%	1	5%	1	4%
Total Order Transactions Processed	46	211	31	67%	105	50%	21	46%	106	50%

NOT UPDATED IN 12/23 REPORT

855 Response Time Examples
10/7 to 12/13

Order Status	Process	Total	<=2	%	<=24	%	>24	%
Pending	Auto	2	1	50%	2	100%	0	0%
Pending	Manual	4	1	25%	4	100%	0	0%
Rejected	Auto	72	44	61%	61	85%	11	15%
Rejected	Manual	31	2	6%	17	55%	14	45%

ATT/Ameritech
Service Readiness Testing

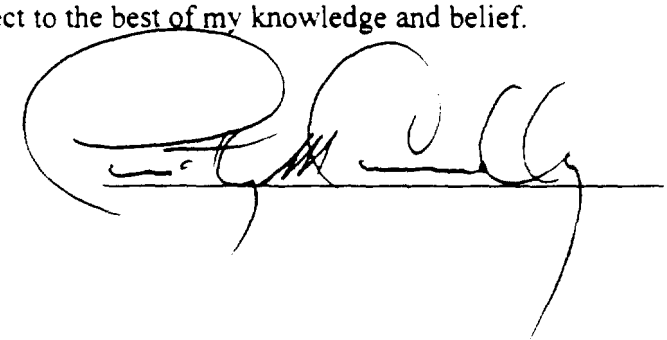
For week ending 11/7

Order Processing Status

Category	Reason	Total Orders This Week	Total Orders To Date	Manual Process This Week # Orders	Manual Process This Week %	Manual Process To Date # Orders	Manual Process To Date %	Automatic Process This Week # Orders	Automatic Process This Week %	Automatic Process To Date # Orders	Automatic Process To Date %
Orders Rejected		10	63	0	0%	20	32%	10	100%	43	68%
	Invalid Order Date	0	2	0		0		0		2	
	TN is invalid or No TN Match	0	2	0		2		0		0	
	Ameritech DB error, re-flowed	0	1	0		0		0		1	
	Order Number already exists	9	14	0		0		9		14	
	Order for existing AT&T account	0	12	0		12		0		0	
	PIC or LPIC error	0	3	0		3		0		0	
	Name match error	0	1	0		1		0		0	
	NPA/NXX not valid	1	1	0		0		1		1	
	Duplicate Request	0	0	0		1		0		0	
	No Reason Noted	0	1	0		0		0		0	
	Unkown USOC	0	1	0		0		0		1	
	Invalid Address	0	1	0		1					
Orders Completed		3	31	1	33%	28	76%	2	67%	10	23%
Orders Pending		2	9	2	100%	7	78%	0	0%	1	11%
Total Order Transactions Processed		15	109	3	20%	55	50%	12	80%	54	50%

VERIFICATION

I, Timothy Connolly, do on oath depose and state that the facts contained in the foregoing affidavit are true and correct to the best of my knowledge and belief.



SUBSCRIBED AND SWORN to
before me this 7th day of
January, 1997.

Margaret M. Plucinsky
Notary Public

"OFFICIAL SEAL"
Margaret M. Plucinsky
Notary Public, State of Illinois
My Commission Expires 05/11/99

STATE OF MICHIGAN
BEFORE THE MICHIGAN PUBLIC SERVICE COMMISSION

In the matter, on the Commission's own motion, to consider Ameritech Michigan's compliance with the competitive checklist in Section 271 of the Telecommunications Act of 1996	)))))	Case No. U-11104

AFFIDAVIT OF ROBERT SHERRY
ON BEHALF OF AT&T COMMUNICATIONS OF MICHIGAN, INC.

STATE OF ILLINOIS)
) ss.
COUNTY OF COOK)

I, Robert Sherry, being duly sworn upon oath, do hereby depose and state as follows:

1. My name is Robert Sherry. My business address is 227 West Monroe, Suite 10NP5, Chicago, Illinois 60606.

2. I am employed by AT&T Corp. as a Principal Member of Technical Staff. My organization is referred to as Local Infrastructure Technical Planning. I am responsible for network architecture planning for AT&T's Local Service Offering in the Central States. In this capacity, I review and recommend new technology to support service offerings, identify architecture alternatives that will fulfill business

objectives and provide a liaison between headquarters planning and regional implementation for the local network.

3. I have over 26 years of experience with AT&T and Bell Laboratories in the areas of product development, network architecture planning, product planning and product management. I have an A.S. in Engineering from DeVry, a B.S. in Math from Benedictine University and a M.S. in Computer Science from Illinois Institute of Technology.

4. I was a primary developer on the original release of the 4ESS Switch which was the first digital switch introduced in the United States. My assignment included design and development of fault recovery, human interface and systems integrity software programs. In this role, I became a recognized industry expert on fault tolerant computation. I also formed a team to evaluate and formulate the architecture for the 5ESS-2000 switch as AT&T introduced digital switching into the local telephony market and was an integral part of the team that defined the distributed processing architectural evolution plan for the 5ESS-2000 Switch. I also lead organizations responsible for product development for AT&T's toll network and signaling products including the 4ESS Switch, STP and NCP.

5. I headed a strategic planning/competitive analysis organization responsible for evaluating the technical capabilities and business positioning of vendors competing with AT&T's switching product line. I lead the system engineering organization responsible for introducing the first application of ISDN into McDonald's Corporation. I was also responsible for strategy development and new feature planning for ISDN on the 5ESS-2000 Switch. In this capacity, I developed a cohesive strategy for the evolution of ISDN that included market assessment, opportunity forecasts, competitive assessment and implementation tactics. This strategy was used to drive work programs ranging from market communications to product development. In addition, I have planned and managed the introduction of new features to evolve the applicability of ISDN in the areas of ISDN Centrex, data and inter-networking.

6. The purpose of my testimony is to set forth a number of significant shortcomings in Ameritech's application for relief under Section 271 as they relate to Ameritech's obligations to provide unbundled network elements. As this proceeding is not being developed on a full record due to the lack of time,[1] and as Ameritech has failed to provide the appropriate notice requested by the Commission prior to filing its Section

[1] In preparing this testimony, I have reviewed the Interconnection Agreement between AT&T Communications of Michigan, Inc. and Ameritech Information Industry Services, and the testimony of the various Ameritech witnesses in this docket and in the Section 271 filing made by Ameritech before the FCC. These filings include materials submitted in this docket that were originally filed before the Illinois Commerce Commission as rebuttal testimony in I.C.C. Docket No. 96-0404. I also refer to certain tariff filings made by Ameritech in Illinois that discuss aspects of similar offerings being made by Ameritech in Michigan.

271 application at the FCC, this affidavit does not undertake to set forth all the deficiencies in Ameritech's application. Instead, it will focus on major actions that Ameritech has taken in an effort to frustrate competitive entry into the local exchange by undermining the viability of the unbundled switching element and the unbundled platform, one of the principal entry strategies available to CLECs. These deficiencies include:

o Ameritech imposes several unlawful restrictions on the use of the unbundled local switch ("ULS") and the unbundled platform, including restrictions on the right of the purchaser of the ULS to charge for terminating access, notwithstanding the FCC direction that purchasers of the ULS are entitled to all exchange and exchange access revenues, including termination charges. Ameritech also seeks to deny the purchaser of the ULS element the right to provide originating and terminating access for 800 service calls.

o Ameritech will not provide the necessary billing information to permit a CLEC to bill for terminating access charges.

o Ameritech seeks to undermine the unbundled switch and the unbundled platform by requiring purchasers of those elements to use the bona fide request process to obtain customized routing of operator services and directory assistance

calls. Although the Michigan Commission has referred to possible issues of technical feasibility relating to customized routing of OS/DA calls, Ameritech has not established that customized routing is not technically feasible, and the commitments of Bell Atlantic, NYNEX, and Southwestern Bell to provided customized routing of OS/DA calls demonstrate that customized routing is technically feasible for almost all switches used in an RBOC network, including those of Ameritech.

o Ameritech offers a distorted form of "shared" transport that is functionally the same as dedicated transport and does not satisfy the shared or common transport element envisioned under the Act and the FCC regulations. Ameritech's version of "shared" transport requires a CLEC to purchase dedicated transport and then arrange with other carriers to share the facilities, in essence requiring the carrier to act as a reseller of dedicated transport services. This is a huge burden for CLECs, is totally impractical and uneconomic, and would force purchasers of the unbundled switch or unbundled platform to purchase Ameritech's high-cost alternative transport service. In short, Ameritech's offering is inconsistent with the Act and the FCC's regulation and it would undermine the viability of the unbundled platform.

7. The Telecommunications Act of 1996 sets the stage for the introduction of competition and the dismantling of the local exchange bottleneck. This will require testing and operational experience with the new competitive regime to ensure that the procedures and relationships between Ameritech and the CLECs operate appropriately and that Ameritech has fully met its obligations to unbundle its local exchange network. On this issue, it is insufficient for Ameritech simply to make commitments on paper and then claim that it has opened its network to competition. There are countless operational, logistic, and legal issues that must be resolved, and resolution of those issues can only occur in the context of implementation of the procedures and processes that will govern the relationships between Ameritech and CLECs.

8. In this regard, the dispute over "shared" transport is illustrative. Ameritech and AT&T negotiated their interconnection agreement, and both sides had an understanding of what "shared" transport was. It was not until after the close of the record in the arbitration that it became clear that the parties had significantly different views as to the meaning of "shared" transport. Moreover, the prospective other interexchange CLECs in Michigan did not have the understanding of "shared" transport that Ameritech has proposed. This is not an isolated issue, but it illustrates the many implementation and operational issues that will arise in the course of opening the monopoly bottleneck to competition. There can be no claim that checklist items have

been "fully implemented" until these implementation and operational issues have been confronted and resolved.

I. AMERITECH HAS FAILED TO OFFER THE UNBUNDLED SWITCH AND UNBUNDLED PLATFORM AS REQUIRED BY SECTION 271.

9. The local switch is the centerpiece of the local telecommunications network. It connects lines to lines, trunks to lines, trunks to trunks, lines to trunks, and provides key features, functions, and capabilities -- including dial tone, telephone number, vertical features, signaling, access to 911 service, operator services, directory assistance, and transport toll services. These are key elements in the provision of local telephone service. Given the central role of the switch in the local exchange network, it is not surprising that the Federal Act includes the switch within the definition of "network element" that must be unbundled, Section 251(c)(3), and includes as one of the competitive checklist items that "local switching [be] unbundled from transport, local loop transmission, or other services." Section 271(c)(2)(B)(ii).

10. The FCC has defined the unbundled local switching element as "line-side and trunk-side facilities plus the features, functions, and capabilities of the switch." First Report and Order, ¶ 412. These features, functions and capabilities include "the basic switching function of connecting lines to lines, lines to trunks, trunks to lines, trunks to trunks. It also includes . . . a telephone number, directory listing, dial tone,

signaling, and access to 911, operator services, and directory assistance. In addition, the local switching element includes all vertical features that the switch is capable of providing, . . . as well as any technically feasible customized routing functions." The FCC made it clear that when a requesting carrier purchases the local switching element, it obtains access to all of the above features, functions and capabilities on a per line basis. The FCC also makes clear that the requesting carrier will pay the economic cost of this full complement of features, functions, and capabilities, regardless of whether or not the requesting carrier ultimately opts to activate any of these features on an individual line: "an upfront purchase of all local switching features may speed entry by simplifying practical issues such as the pricing of individual switching features." First Report and Order, ¶ 423.[2]

11. The unbundled platform is a combination of unbundled network elements, consisting of the unbundled loop, NID, local switching, common and dedicated transport, signaling and call-related data bases, and tandem switching, that permits a new local service provider to offer local exchange and exchange access service. With this combination, a local service provider can offer a full range of telecommunications services to the end user and other carriers. With the unbundled platform, there is more

[2] The vertical features of the switch are software-based features that include custom calling features such as call waiting, 3-way calling, and call forwarding, all of which are switch-based functions. In addition to vertical features, the Custom Local Access Signaling Services ("CLASS" features) such as Caller ID and automatic call-back use SS7 signaling on an interoffice basis for the exchange of information between telephone lines. Centrex service must also be made available if the capabilities are resident on the switch. First Report and Order, ¶ 412.

flexibility than with a resold service in which the carrier is merely purchasing on a wholesale basis what the ILEC already provides to end users. The unbundled platform is an important aspect of AT&T's proposed entry into the local exchange.

A. Ameritech's Restrictions on Call Termination Services

12. Ameritech's unbundled local switching ("ULS") element, as Ameritech has defined it, fails to comply with the FCC's requirement in several significant aspects and is designed to undercut the unbundled switch and unbundled platform as competitive alternatives for CLECs. First, in direct contradiction to the FCC First Report and Order, Ameritech has attempted to impose gross restrictions on a carrier's use of unbundled local switching. Ameritech restricts the ULS purchaser from using the ULS element to provide call termination services from other carriers -- local and toll providers -- that deliver traffic to the ULS carrier's customers. In effect, Ameritech is attempting to restrict the use of ULS to originating services only. Furthermore, Ameritech inexplicably proposes to deny the ULS purchaser the right to use the ULS element to provide both originating and terminating access for 800 service calls. While such a proposal may insulate Ameritech from access revenue decreases, it clearly violates the basic requirements for providing access to unbundled elements, along with the FCC's explicit determination that the purchaser of an unbundled element is entitled to all revenues for providing exchange and exchange access services. First Report and Order, ¶ 363.

B. Failure to Provide Billing Information

13. Second, related to Ameritech's view that a CLEC purchasing the unbundled switch is not entitled to collect terminating access charges, Ameritech is not providing the information sufficient to permit the appropriate billing of customers and other carriers. Ameritech states that it will provide information on a daily and monthly basis to permit purchasers of the ULS element to "bill originating access carrier charges to the IXCs." Gebhardt Rebuttal Test., p. 51. Ameritech is silent, however, on providing necessary information regarding charges incurred by other carriers. AT&T needs complete recording information on all usage at the switch that it has purchased as an unbundled network element so that it can charge other carriers for access and termination charges. Without such information, AT&T will not be able to bill for those charges and will be denied the revenues associated with the use of the switch.[3]

C. Inclusion of Charges Already in Purchase Price of ULS

14. Third, Ameritech seeks to collect additional charges from purchasers of the ULS that are properly included in the purchase price of the ULS element. For example, Ameritech charges its retail customers a Centrex Common Block charge as part of its Centrex service and seeks to impose on AT&T a nonrecurring charge

[3] Additionally, Ameritech presumably intends to bill these access charges to the carriers, thus not only collecting revenues to which it is not entitled but also double recovering the costs.

of $409.09 for each common block and an additional monthly recurring charge of $381.05 for "System Features, per common block" (Interconnection Agreement, Sch. 30.19-9). Purchasers of the ULS are not retail customers, however, and pay for all the features and functions of the switch in the unbundled switch charge. As the Common Block feature is a feature of the switch, the ULS charge includes this Common Block feature, and Ameritech may not charge separately for the Common Block feature.[4]

D. Failure to Provide Appropriate Customized Routing

15. Ameritech has failed to offer the appropriate customized routing with respect to either the basic ULS offering or the ULS offering when used as part of the unbundled platform. Rather, Ameritech attempts to limit the routing function of its ULS element to routing predetermined by Ameritech, effectively bundling the basic ULS element with Ameritech's own retail services. Ameritech proposes to consider "custom" or "specialized routing" only through the BFR process. Ameritech claims that it is

[4] In addition, Ameritech has proposed an inappropriate charge for "Billing Development." The costs that Ameritech has identified as being recovered by this charge (see Dunny Rebuttal Test., pp. 30-31) are items that are necessary to convert Ameritech's system to make the competitive environment established by the 1996 Act possible. As such, those are costs that should be recovered from all users of the network, including Ameritech users. Accordingly, these costs should be recovered in a competitively neutral manner and should not be borne solely by those parties that are using the ULS service.

If AT&T sought to provide local exchange service via unbundled local switching throughout Ameritech's Michigan territory, and were forced through the "Billing Development charge" to pay Ameritech nearly $31,000 per switch for the privilege of being billed for the unbundled switching element, the up front costs -- before signing up a single customer on the unbundled element -- would exceed $12 million. If MCI and WorldCom also sought to compete on a statewide basis via unbundled local switching, they would be forced to make the same upfront payments, bringing Ameritech's windfall close to $36 million! As formidable as this barrier would be for a large carrier such as AT&T, this unreasonable charge would certainly deny small competitors any meaningful opportunity to compete.

making customized routing available to ULS subscribers by "provid[ing] routing of calls placed by end users of carriers who subscribe to ULS in the same manner that it routes calls placed by its own end users" (Dunny Rebuttal Test. p. 26). That is not customized routing at all, but rather the standard routing that Ameritech claims it is making available to all its ULS customers as a standardized offering. Ameritech also asserts that a "general offering of such customized routing cannot be made since each request for special routing is dependent upon what each carrier is seeking" (Id.).

16. Ameritech's approach is flatly inconsistent with the FCC's First Report and Order. The FCC stated that the ULS includes any "technically feasible customized routing functions" (First Report and Order, ¶ 412). In addition, the ILEC is required to make modifications to its network to accommodate new entrants and the requirements of competition (Id., ¶ 202).[5]

[5] What is new about custom routing in the context of unbundled local switching is that Ameritech does not currently use such routing to support multiple competing carriers, and some additional provisioning of routing capabilities and modification of existing facilities will likely be required. The FCC was well aware of the fact that the implementation of unbundled elements would require some amount of development and modification of existing facilities. The First Report and Order addressed this issued directly:

> "[t]he term 'feasible' implies that interconnecting or providing access to a LEC network element may be feasible at a particular point even if such interconnection or access requires a novel use of, or some modification to, incumbent LEC equipment. This interpretation is consistent with the fact that incumbent LEC networks were not designed to accommodate third-party interconnection or use of network elements at all or even most points within the network. If incumbent LECs were not required, at least to some extent, to adapt their facilities to interconnection or use by other carriers, the purposes of sections 251(c)(2) and 251(c)(3) would be frustrated. . . . [t]he incumbent must accept the novel use of, and modification to, its network facilities to accommodate the interconnector or to provide access to unbundled network elements." First Report and Order, ¶ 202.

This language makes explicit Ameritech's obligation to implement customized routing as part of the basic unbundled local switching element at no additional cost.